

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name ACW Unionville Fire Department	County Tuscola
Fiscal Year End March 31, 2006	Opinion Date May 3, 2006	Date Audit Report Submitted to State August 9, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

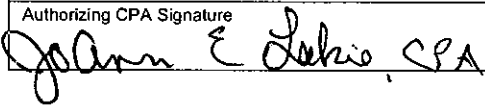
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☐ ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of comments or recommendations prepared	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Nietzke & Faupel, P.C., CPA's		Telephone Number (989) 883-3122	
Street Address 41 East Main Street		City Sebewaing	State MI
		Zip 48759	
Authorizing CPA Signature 		Printed Name JoAnn Lakie	License Number 17493

**AKRON, COLUMBIA,
WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE
FIRE DEPARTMENT
UNIONVILLE, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2006**

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**UNIONVILLE, MICHIGAN
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REPORT OF INDEPENDENT AUDITORS

To the Fire Board
Akron, Columbia, Wisner Townships,
and Village of Unionville Fire Department
Unionville, Michigan 48767

We have audited the accompanying financial statements of the business-type activities of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Department, Unionville Michigan as of and for the year ended March 31, 2006, as listed in the table of contents. These financial statements are the responsibility of Akron, Columbia, Wisner Townships and Village of Unionville Fire Board, Unionville, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Board, Unionville, Michigan, as of March 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 3 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



NIETZKE & FAUPEL, P.C.
SEBEWAING, MICHIGAN

May 3, 2006

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The discussion and analysis of ACW-Unionville Fire Board's financial performance provides an overview of the Board's financial activities for the year ended March 31, 2006. This report is a part of the Board's Annual Report.

The purpose of the Board is to provide fire protection for 32 Sections in Akron Township, 38 sections in Columbia Township, 9 sections in Wisner Township plus the Village of Unionville.

Using the Annual Report

This annual report consists of a series of financial statements as follows:

The Statement of Net Assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets.

The Statement of Revenue, Expenses and Changes in Net Assets presents information showing how the board's net assets changed during the most recent year. All changes in net assets are reported on an accrual basis, that is, the event is recorded in the accounting records when the underlying event takes place regardless of the timing of the related cash flows.

The Statement of Cash Flows presents the financial activities of the Board on cash received and cash paid basis.

Notes to the Financial Statements provide additional details underlying the data provided in the financial statements.

Financial Highlights

The Statement of Net Assets outlines the assets, liabilities and net assets of the Board.

Unrestricted current assets (cash, investments and receivables)	\$ 57,860
Capital Assets	<u>79,629</u>
Total Assets	<u>\$137,489</u>
Current Liabilities:	\$ 16,164
Non-Current Liabilities:	<u>93,980</u>
Total Liabilities	110,144
Total Net Assets	<u>\$ 27,345</u>

The board realizes nearly all of its operating revenue is from two sources: charges for services to the four entities and fire run fees. Charges for services in the amount of \$49,039 comprise 84% of the revenue while fire run fees in the amount of \$9,181 comprise the remaining 16%. The relative percentages for sources of revenue do not change significantly from one year to the next.

The largest expense is depreciation making up \$38,068 or 49% of the expenses. Insurance expense in the amount of \$15,773 is 20% of the expenses. Personal services and materials make up the remaining \$24,439 or 31% of the total expenses.

Request for Information

This financial report is designed to provide citizens of Akron, Columbia and Wisner Townships as well as the Village of Unionville with a general overview of the Board's finances and to show accountability for the funding it receives. Questions concerning any of the information in this report should be addressed to: Arnold Ortner, Chairman, ACW Unionville Fire Board, Unionville, MI 48767.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF NET ASSETS
MARCH 31, 2006**

Current assets:

Cash	\$ 41,703
Accounts receivable-net of allowance for doubtful accounts	5,698
Prepaid insurance	<u>10,459</u>
Total current assets	<u>57,860</u>

Non-current assets:

Capital assets:

Equipment	379,200
Accumulated depreciation	<u>(299,571)</u>
Total non-current assets	79,629

Total assets	<u>\$ 137,489</u>
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Current liabilities:

Accounts payable	\$ 1,104
Accrued interest	3,979
Current portion of long term debt	<u>11,081</u>
Total current liabilities	16,164

Non-current liabilities:

Note payable-net of current	93,980
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Total liabilities	<u>110,144</u>
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Net assets:

Investment in capital assets, net of related debt	(25,432)
Unrestricted	<u>52,777</u>
Total net assets	<u>\$ 27,345</u>

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2006**

OPERATING REVENUES:

Assessments:

Village of Unionville	\$ 7,643
Township of Akron	16,768
Township of Columbia	19,912
Township of Wisner	4,716
Fire runs	9,181

TOTAL OPERATING REVENUE

58,220

OPERATING EXPENSES:

Wages	6,785
Taxes - FICA	519
Mileage	211
Operating supplies	499
Memberships and dues	100
Court costs	251
Telephone	554
Gasoline	1,043
Insurance	15,773
Utilities	4,016
Repairs and maintenance	7,633
Education and training	1,117
Office supplies	241
Depreciation expense	38,068
Audit fee	250
Miscellaneous	1,221

TOTAL OPERATING EXPENSES

78,280

OPERATING (LOSS)

(20,060)

NONOPERATING REVENUE (EXPENSES):

Interest income	856
Miscellaneous income	75
Sale of assets	253
Interest expense	(9,530)

TOTAL NONOPERATING (EXPENSE)

(8,345)

CHANGE IN NET ASSETS

(28,405)

NET ASSETS AT APRIL 1

55,750

NET ASSETS AT MARCH 31

\$ 27,345

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from townships and village for fire service	\$ 49,039
Cash received from others for fire services	10,983
Cash payments to employees	(7,304)
Cash payments to suppliers for materials and services	(32,957)

Net cash provided by operating activities	19,761
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**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Capital assets purchased	(10,000)
Principal payment	(10,574)
Interest expense	(5,550)

Net cash (used) by capital and related financing activities	(26,124)
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CASH FLOW FROM INVESTING ACTIVITIES:

Interest income	856
Sale of equipment	253
Miscellaneous	75

Net cash provided by investing activities	1,184
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NET (DECREASE) IN CASH	(5,179)
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CASH AT APRIL 1	46,882
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CASH AT MARCH 31	\$ 41,703
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**Reconciliation of operating (loss) to net cash flows from
operating activities:**

Operating (loss)	\$ (20,060)
Add depreciation expense	38,068
Changes in current assets and current liabilities:	
(Increase) decrease in current assets	
Accounts receivable	1,802
Prepaid insurance	(694)
Increase (decrease) in current liabilities:	
Accounts payable	645

Net cash provided by operating activities	\$ 19,761
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The accompanying notes are an integral
part of the financial statements.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies are described below.

In June 1999, GASB unanimously approved Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Board's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Board has elected to implement the general provision of the statement in the current year.

Reporting Entity

The Akron, Columbia, Wisner Townships and Village of Unionville Fire Department (ACW-Unionville Fire Department) is a jointly governed organization, located in the Village of Unionville, which provides fire protection services to participating townships and the village. The Fire Board consists of eight members, two from each township and two from the Village of Unionville.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the funds of the Board. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading, if data were not included. Based on the criteria, there are no component units which should be included in the financial statements of the ACW-Unionville Fire Board.

Measurement Focus, Basis of Accounting and Basis of Presentation

The ACW-Unionville Fire Board is presented as an enterprise fund. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or an economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

(CONTINUED)

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

The Fire department follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deposits and Investments

For purposes of the statement of cash flows, cash is defined as cash and cash equivalents having original maturities ranging from three to fifteen months from the date of acquisition.

Capital Assets

Capital assets are defined by the Board as assets with an initial, individual cost of more than \$1,000. Capital assets of the Board are reported at cost or the fair market value at the time of contribution to the Board. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	Years
Equipment	5 - 7

NOTE 2 - CASH DEPOSITS:

Michigan Compiled Laws, Section 129.91, authorizes the Board Treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Board's deposits are in accordance with statutory authority. The Board has authorized management to deposit and invest in the accounts of securities and other obligations of the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States. The Board's deposits and investments are within the authorization as set forth by ACW Unionville Fire Department.

(CONTINUED)

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 2 - CASH DEPOSITS: (CONTINUED)

At March 31, 2006, the carrying amount of the Board's deposits was \$41,703 and the bank balance was \$41,663. Of the bank balance, \$41,663 was covered by federal depository insurance.

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable at March 31, 2006 and 2005 consisted of the following balances:

	<u>2006</u>	<u>MARCH 31,</u> <u>2005</u>
Over 30 days	\$ 500	\$ 500
Over 60 days	1,000	6,000
Over 90 days	<u>5,823</u>	<u>2,250</u>
Subtotal	7,323	8,750
Less: Allowance for doubtful accounts	(1,625)	(1,250)
Total	<u>\$ 5,698</u>	<u>\$ 7,500</u>

NOTE 4 - CHANGES IN CAPITAL ASSETS:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2005</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2006</u>
CAPITAL ASSETS:				
Equipment	\$ 378,200	\$ 10,000	\$(9,000)	\$ 379,200
TOTAL CAPITAL ASSETS	378,200	10,000	(9,000)	379,200
Less: Accumulated depreciation	(270,503)	(38,068)	9,000	(299,571)
NET CAPITAL ASSETS	<u>\$ 107,697</u>	<u>\$ (28,068)</u>	<u>\$ -</u>	<u>\$ 79,629</u>

NOTE 5 - LONG-TERM DEBT:

Long-term obligation activity can be summarized as follows:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2005</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u> <u>AND</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2006</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Capital Lease	\$ <u>115,635</u>	\$ <u>0</u>	\$ <u>10,574</u>	\$ <u>105,061</u>	\$ <u>11,081</u>

(CONTINUED)

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 5 – LONG-TERM DEBT: (CONTINUED)

ACW-Unionville Fire Board entered into a capital lease agreement in the amount of \$165,724 at an interest rate of 4.8% for ten years. The capital lease was used to purchase an Emergency One Tradition Pumper. At the end of the lease, the Fire Board has an option to purchase in the amount of \$1.00.

Depreciation of the vehicle being purchase by capital lease is included in depreciation expense. The following is a schedule, by years, of future minimum lease payments under the capital lease as of March 31, 2006:

2006	\$ 16,124
2007	16,124
2008	16,124
2009	16,124
2010	16,124
2011-2013	<u>48,372</u>
	128,992
Amount representing interest	<u>(23,931)</u>
	<u>\$ 105,061</u>

NOTE 6 - RISK MANAGEMENT:

General Liability:

ACW Fire Department purchased commercial insurance for all general liability coverage.

Worker's Compensation:

ACW Fire Department participates in the Accident Fund Company, which is a commercial insurance company for the coverage of losses related to worker's compensation claims. The participation in the company constitutes transfer of the risk for significant losses with a coverage limit of \$500,000.

NOTE 7 – SUBSEQUENT EVENTS:

The ACW Unionville Fire Department received a grant in the amount of \$60,000 to be used to purchase fire protection gear and equipment. The grant agreement stipulates a local share of funding of 10%. Currently, the ACW Unionville Fire Department has spent \$60,000 and is being reimbursed for 90% of the grant award which amounts to \$53,985.